



OFFICE OF  
INSURANCE COMMISSIONER

*In The Matter Of*

QBE INSURANCE CORPORATION,

An Authorized Insurer

Order No. D07-160

CONSENT ORDER  
LEVYING A FINE

To: QBE Insurance Corporation  
Wall Street Plaza  
88 Pine Street, 16th Floor  
New York, New York 10005

*Comes Now the Insurance Commissioner of the State of Washington*, pursuant to the authority set forth in RCW 48.02.080 and RCW 48.05.185, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following:

**FINDINGS OF FACT:**

1. QBE Insurance Corporation (herein "QBE") is an authorized insurer writing non-standard automobile insurance in the State of Washington.
2. The Office of the Insurance Commissioner (herein "OIC") conducted a market conduct examination of QBE with respect to QBE's claims operations from January 1, 2005 through December 31, 2005. As part of this examination, the OIC examined 100 of 1,783 claims that were closed during this period, and an additional 20 of 74 claims that involved first party total loss settlements that were closed during this period.
3. The OIC examiners prepared a report (herein "the Report") of the QBE market conduct examination. The Insurance Commissioner adopted the Report by Order Adopting Report of Market Conduct Examination, Order No. G-07-2, entered January 18, 2007, which Order is final. The Report found the following facts to be true during the period covered, and these facts are hereby also found as true:
  - a. QBE failed to handle two claims according to internal standards. In one claim, the claim handler failed to contact the insured when the claim was initially reported, and a coverage issue was not addressed for two months. In the other claim, the claim investigation was not started for 22 days.

- b. QBE made nine claim payments, each of which was unaccompanied by a statement setting forth the coverage under which the payment was made.
  - c. Three Personal Injury Protection (herein "PIP") claim applicant letters each did not include a written explanation of the coverage provided by the policy, including a notice regarding grounds upon which QBE may deny, limit or terminate benefits.
4. QBE has cooperated with the OIC in attempting to correct all of the problems discovered during its market conduct examination. The examination revealed no evidence that QBE intentionally violated any Washington statute or code provision.

Based upon the foregoing Findings of Fact, the Commissioner makes the following:

**CONCLUSIONS OF LAW:**

1. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a company's license.
2. QBE committed the following violations of Washington law:
  - a. By failing to handle claims according to internal standards, failing to timely contact the insured after the claim was made, failing to timely address a coverage issue, and failing to timely start a claim investigation, QBE violated WAC 284-30-330(2) and (3), WAC 284-30-400, and RCW 48.05.140(1).
  - b. By failing to accompany claim payments with statements setting forth the coverage under which the payments were made, QBE violated WAC 284-30-330(9), WAC 284-30-400, and RCW 48.05.140(1).
  - c. By failing to include in letters to PIP claimants a written explanation of the coverage provided by the policy, including a notice regarding grounds upon which QBE may deny, limit or terminate benefits, QBE violated WAC 284-30-395(1), WAC 284-30-400, and RCW 48.05.140(1).

**CONSENT TO ORDER:**

NOW, THEREFORE, QBE consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of QBE's payment of a fine and such other terms and conditions as are set forth below:

1. QBE consents to the entry of the foregoing Findings of Fact and Conclusions of Law and this Order, waives further administrative or judicial challenge to the OIC's actions related to the subject matter of this Order, and acknowledges its duty to comply fully with the applicable laws of the State of Washington;

2. Within thirty days of the entry of this Order, QBE agrees to pay to the OIC a fine in the amount of Three Thousand Five Hundred Dollars (\$3,500); and

3. Failure to pay the fine set forth in paragraph 2 shall constitute grounds for revocation of QBE's certificate of authority, and for recovery of the fine, in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED and AGREED this 15 day of JUNE, 2007.

QBE INSURANCE CORPORATION

By: Bruce D. Carlino

Printed Name: BRUCE D. CARLINO  
Typed Corporate Title: Senior Vice President

## ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of Three Thousand Five Hundred Dollars (\$3,500) upon QBE Insurance Corporation under the terms and conditions set forth in the Consent to Order section of this Consent Order.
2. This fine must be paid in full within thirty days of the date of entry of this order. Failure to pay this portion of the fine and to comply with the stated Conditions shall constitute grounds for revocation of QBE Insurance Corporation's certificate of authority and for recovery of the full fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON, this 21 day of June, 2007.

MIKE KREIDLER,  
Insurance Commissioner

By:



Alan Michael Singer  
Staff Attorney  
Legal Affairs Division